FISCAL IMPACT STATEMENT ON BILL NO. **H.3020** (Doc. No. 2186sj05.doc)

TO: The Honorable Robert Harrell, Chairman, House Ways and Means Committee
FROM: Office of State Budget, Budget and Control Board
ANALYSTS: Harry Bell
DATE: January 27, 2005 SBD: 2005002

AUTHOR: Representative Govan PRIMARY CODE CITE: 59-29-220

SUBJECT: Financial Literacy Instruction

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES: See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES: See Below

BILL SUMMARY:

House Bill 3020 would require the State Board of Education to develop or adopt a curriculum, materials, and guidelines for local school boards to use in implementing a program of instruction on financial literacy for all high schools. The Bill would allow the Board to establish a fund that could receive appropriations and/or contributions for the purpose of defraying the cost of instruction; reward students, teachers and schools; and to fund related activities.

EXPLANATION OF IMPACT:

The State Department of Education (SDE) indicates enactment would cost \$100,000 the first year of implementation. This estimate assumes the Department would be able to adopt and modify existing materials to satisfy the instructional requirements of the Bill. New high school economics textbooks provide financial literacy as a part of the required high school economics course. In addition, the newly adopted Social Studies Academic Standards include financial literacy as a required part of the high school economics course. Additional support through free materials is provided by the State Department of Education. However, the SDE will need to provide training for existing teachers.

Recurring costs of \$20,000 assume SDE would provide a distance-learning course for on-going instructional preparation, and continuous support, coordination and follow-up. Additionally, SDE estimates it would need at least \$20,000 for a part-time grant employee to maintain and disburse funds as directed in section 59-29-425. Therefore, recurring costs are estimated at \$40,000 annually. Non-recurring first year costs of \$60,000 would cover curriculum development and workshops to prepare educators to deliver the instructional course.

The impact on the General Fund of the State is at the General Assembly's discretion. This initiative could be funded with State General Funds and/or Education Improvement Act funds. In addition, the impact on state funds (General Funds and EIA) would be offset to the extent SDE is able to generate revenue for the special fund designed to defray the cost of the program per section 59-29-420 of the Bill.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:

Don Addy

Assistant Director, Office of State Budget